

# **EXHIBIT N**

# NADA DATA

**T**HE NATION'S FRANCHISED NEW-CAR DEALERS sold 16.1 million units in 2007, down slightly from the previous year's 16.5 million units. This year should see a continued decrease of about 3 percent. The good news? The average dealership saw sales rise in almost all departments for the year. Real GDP grew moderately by 2.2 percent last year, below the 2.9 percent growth of 2006. The unemployment rate remained unchanged, averaging 4.6 percent for all of 2007. For February 2007, the unemployment rate stood at 4.8 percent. Consumer confidence measures posted declines starting in August 2007 and continuing into first-quarter 2008. The slump in residential housing sales and finance, along with associated international financial market troubles, are a key drag on current economic growth and 2008 light-vehicle sales. Falling residential real estate values during 2007 and 2008 contributed to lower consumer confidence measures in the first quarter. Fortunately for consumers and dealers, the cost of borrowing remained moderate for most of 2007, as the Federal Reserve reduced target short-term interest rates. Short-term rates will likely decline even further in first-half 2008.

In 2007 vehicle sales continued to be driven by somewhat generous incentives, such as cash rebates, value pricing, and subvented rate financing and leases. New light-duty sales—at 16.1 million units in 2007—were 2.5 percent lower than in 2006. Despite a slowing economy, declines in the housing market, and rising energy prices, new-car dealers were still able to sustain sales last year that were 2.5 percent lower than in 2006. Second-half 2008 will benefit from the effects of lower interest rates and the arrival of fiscal stimulus checks to households starting in May. Total dealership dollar sales last year exceeded \$693 billion, up 3 percent from 2006. This allowed dealers to maintain payroll employment of 1,114,500 people—a slight decrease from 2006. Total payroll expense in 2007 reached \$54 billion, up 2 percent from '06.

Dealership expenditures, excluding cost of goods sold, reached \$84 billion. With many of these expenditures made locally, dealerships provided vital support to the economic well-being of their communities. Franchised dealers were also major payers and generators of federal, state, and local tax revenue, as well as major contributors of both time and money to local and regional charities.

**Note:** *NADA's Industry Analysis Division (Paul Taylor, chief economist) prepares "NADA Data." For questions or reprints, write to NADA Industry Analysis, 8400 Westpark Drive, McLean, VA 22102, call 800.252.NADA, or e-mail [industryrelations@nada.org](mailto:industryrelations@nada.org).*

## About this special section

On the following pages, you will find the results of NADA's yearlong analysis of the U.S. car and truck industry, with emphasis on the retail side of the business.

The key segments covered are:

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# Average Dealership Profile

SALES FOR THE NATION'S new-car dealers reached 16.1 million units in 2007. The weakening economy and high energy prices hurt sales. Total dealership revenue was more than \$693 billion, growing by 3 percent from 2006. Sales in the used-vehicle department saw the largest increase. New-car sales revenue was higher last year than in 2006, with the average dealership gaining almost 3 percent. Net profit levels rose 4 percent from 2006, and the typical store generated more than \$508,000 in annual net pretax profit for 2007.

## TOTAL GROSS AND EXPENSE

Total dealership gross margins remained unchanged in 2007, at 13.6 percent of total dealership sales. Operating profit declined 3 percent. But total expense remained at the 2006 level of 12.1 percent of total sales, as dealers faced higher costs. Floor-plan expense rose in early

2007, but the year ended with declines in floor-plan costs. Advertising outlays increased 4 percent, and rent factors increased almost 9 percent for 2007. Some major expenses for the average dealership last year:

Payroll . . . . .	\$2,590,000
Advertising . . . . .	\$378,300
Rent and equivalent . . . . .	\$361,700

## TOTAL DEALERSHIP PROFITS

In 2007 total dealership net profit before tax as a percent of sales remained unchanged from 2006, at 1.5 percent. Dollar profits gained about 3 percent. The new-vehicle department operating profit continued to fall last year at the average store, below breakeven. Used vehicles contributed 27 percent of operating profit in 2007, a 1 percent decline from 2006. Service and parts brought in 81 percent of operating profits, up 4 percent from 2006.

## Average dealership profile

	2002	2003	2004	2005	2006	2007	% change 2006 to 2007
Total dealership sales	\$31,275,581	\$32,296,859	\$33,009,335	\$32,318,461	\$31,855,768	\$33,379,501	4.8%
Total dealership gross	\$ 4,175,456	\$ 4,315,654	\$ 4,363,870	\$ 4,307,479	\$ 4,338,448	\$ 4,546,212	4.8%
As % of total sales	13.4%	13.4%	13.2%	13.3%	13.6%	13.6%	
Total dealership expense	\$ 3,576,246	\$ 3,751,511	\$ 3,804,184	\$ 3,776,446	\$ 3,848,964	\$ 4,038,084	4.9%
As % of total sales	11.4%	11.6%	11.5%	11.7%	12.1%	12.1%	
Net profit before taxes	\$ 615,673	\$ 564,143	\$ 559,686	\$ 531,033	\$ 489,484	\$ 508,127	3.8%
As % of total sales	1.9%	1.7%	1.7%	1.6%	1.5%	1.5%	
(Net pretax profit in constant 1982 dollars)	\$ 339,027	\$ 306,600	\$ 304,177	\$ 288,605	\$ 266,024	\$ 276,156	3.8%
New-vehicle department sales	\$18,651,091	\$19,359,130	\$20,116,264	\$19,469,000	\$18,795,482	\$19,545,287	4.0%
As % of total sales	59.6%	59.9%	60.9%	60.2%	59.0%	58.6%	
Used-vehicle department sales	\$ 8,942,973	\$ 9,142,647	\$ 9,090,534	\$ 9,067,128	\$ 9,265,366	\$ 9,821,093	6.0%
As % of total sales	28.6%	28.3%	27.5%	28.1%	29.1%	29.4%	
Service and parts sales	\$ 3,681,518	\$ 3,795,081	\$ 3,802,537	\$ 3,782,334	\$ 3,794,920	\$ 4,013,121	5.7%
As % of total sales	11.8%	11.8%	11.5%	11.7%	11.9%	12.0%	
New-vehicle average selling price	\$ 26,163	\$ 27,565	\$ 28,060	\$ 28,381	\$ 28,451	\$ 28,797	1.2%
Used-vehicle average selling price	\$ 13,840	\$ 13,473	\$ 14,247	\$ 14,923	\$ 15,518	\$ 15,714	1.3%
Average net worth (as of 12/31)	\$ 2,230,699	\$ 2,243,589	\$ 2,301,417	\$ 2,258,753	\$ 2,160,181	\$ 2,306,742	6.8%
Net profit as % of net worth	27.6%	25.1%	24.3%	23.5%	22.7%	22.0%	

Source: NADA Industry Analysis Division



# NADA Optimism Index

THE YEAR ENDED with the Dealer Optimism Index at 117, but it rose to 120 early in 2008. The economy featured low inflation, a moderate rise in interest rates, and growth in gross domestic product of 2.2 percent in 2007, compared with a GDP growth of 2.9 percent for all of 2006. Consumer confidence remained higher last year than the decade-low 47.3 set in February 1992, during the 1990–92 recession. The Consumer Confidence Index indicated a moderate upward trend early in 2007, but this trend reversed and continued downward from August 2007. Consumer concern about the economy—especially the mortgage crisis and high energy costs—persists into 2008. The index leveled off in November and December, but as of March 2008 stands at 64.5, indicating an unfavorable overall consumer outlook for the near term. Although NADA's optimism index—at 120 as of March 2008—remains below the past decade's high of 164 (at the start of 1999), dealer confidence levels suggest that 2008 may see further decline in light-vehicle sales.

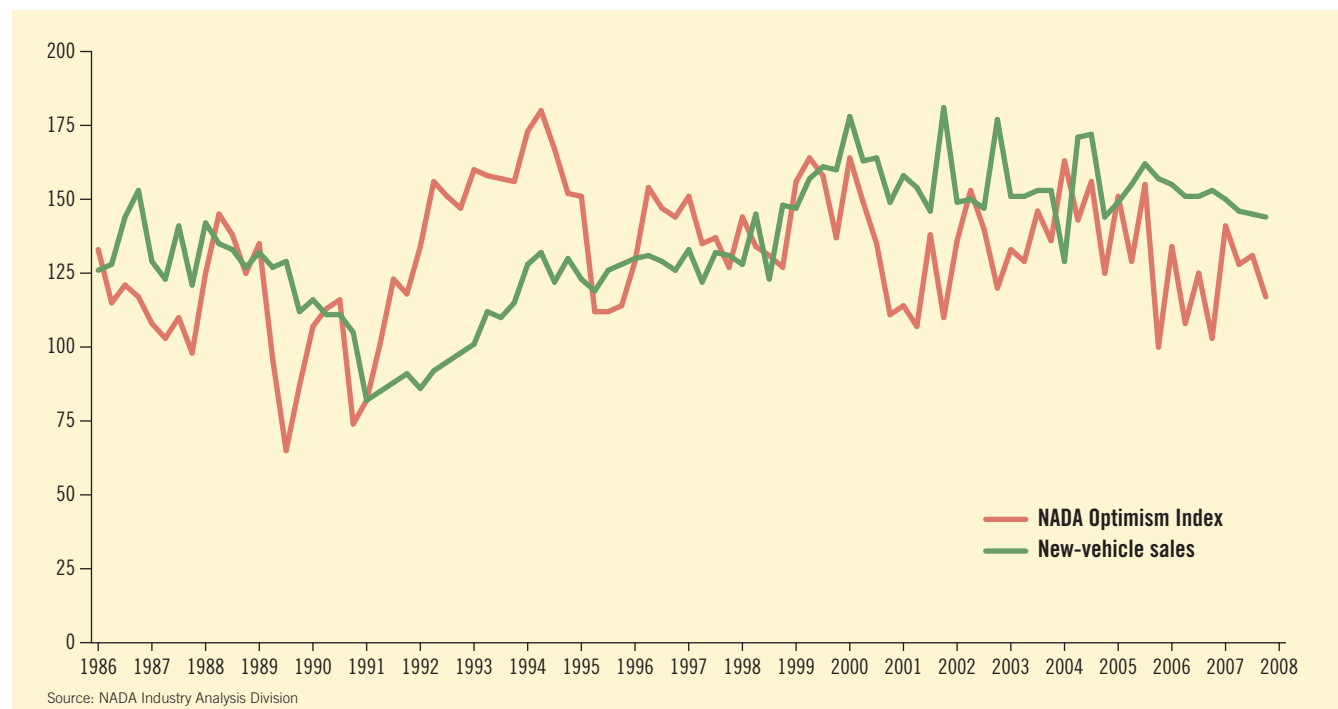
## Expectations for dealership profits

Percent of dealers expecting profits to:

	Increase	Not change	Decline	Value index
April 1995	32.2%	46.1%	21.6%	112
April 1996	54.1	35.0	11.0	154
April 1997	42.4	44.0	13.6	135
April 1998	41.9	43.3	14.8	134
April 1999	56.5	37.8	5.7	164
April 2000	49.0	39.9	11.1	149
April 2001	31.5	40.7	27.8	107
March 2002	53.2	36.7	10.1	153
March 2003	13.5	46.2	40.2	133
March 2004	7.8	31.7	60.4	163
March 2005	9.4	39.6	51.1	151
March 2006	15.9	41.4	42.7	134
March 2007	15.7	36.8	47.5	141
March 2008	21.6	42.0	36.4	120

Source: NADA Industry Analysis Division

## Optimism index vs. new-vehicle sales

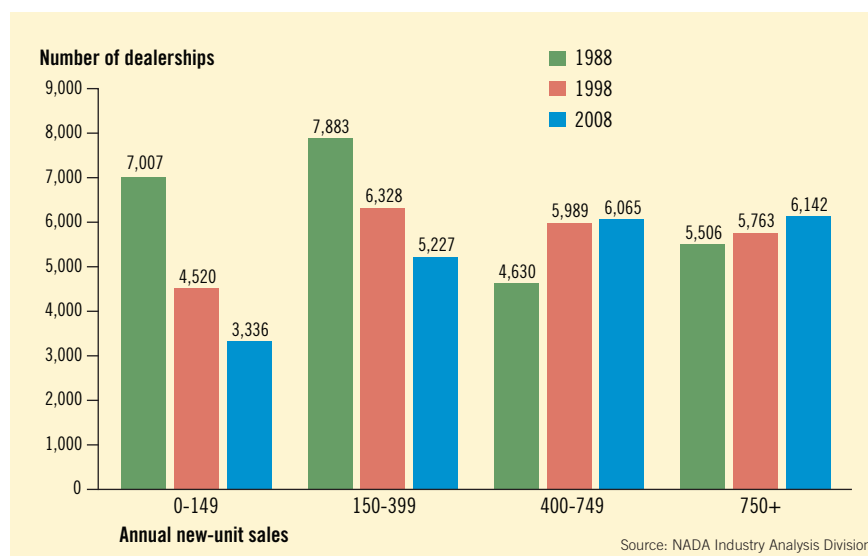


# New-Car Dealerships

CONSOLIDATION IN THE NUMBER of franchised dealerships is expected to continue. There were some acquisitions by large dealer groups in 2007, amid manufacturers' efforts to reduce or freeze the number of dealership points. The number of new-car dealerships fell last year, with the net dealership count down by more than 400 after a fall of almost 300 in 2006.

The bar graph at right shows that the loss of dealerships over the past 20 years has been largely concentrated in the smaller-volume categories. In 1988 there were 7,007 dealerships with sales of less than 150 new vehicles per year. Today, there are only 3,336 such stores. In contrast, now more than 12,200 dealerships sell 400-plus new units per year; in 1988 only 10,162 stores of that size existed.

## Number of dealerships, by volume of new-unit sales



## New-car dealerships

As of January 1	
1987	25,150
1988	25,025
1989	25,000
1990	24,825
1991	24,200
1992	23,500
1993	22,950
1994	22,850
1995	22,800
1996	22,750
1997	22,700
1998	22,600
1999	22,400
2000	22,250
2001	22,150
2002	21,800
2003	21,725
2004	21,650
2005	21,640
2006	21,495
2007	21,200
2008	20,700

Source: NADA Industry Analysis Division

## New-car dealerships, by state

As of January 1	
Alabama	345
Alaska	38
Arizona	256
Arkansas	267
California	1594
Colorado	284
Connecticut	320
Delaware	65
D.C.	1
Florida	948
Georgia	603
Hawaii	66
Idaho	123
Illinois	934
Indiana	521
Iowa	369
Kansas	258
Kentucky	298
Louisiana	337
Maine	144
Maryland	358
Massachusetts	478
Michigan	759
Minnesota	438
Mississippi	242
Missouri	494
Montana	132
Nebraska	213
Nevada	118
New Hampshire	169
New Jersey	574
New Mexico	140
New York	1112
North Carolina	692
North Dakota	96
Ohio	958
Oklahoma	299
Oregon	274
Pennsylvania	1161
Rhode Island	63
South Carolina	326
South Dakota	117
Tennessee	420
Texas	1346
Utah	153
Vermont	97
Virginia	551
Washington	383
West Virginia	169
Wisconsin	597
Wyoming	70
<b>Total U.S.</b>	<b>20,770</b>

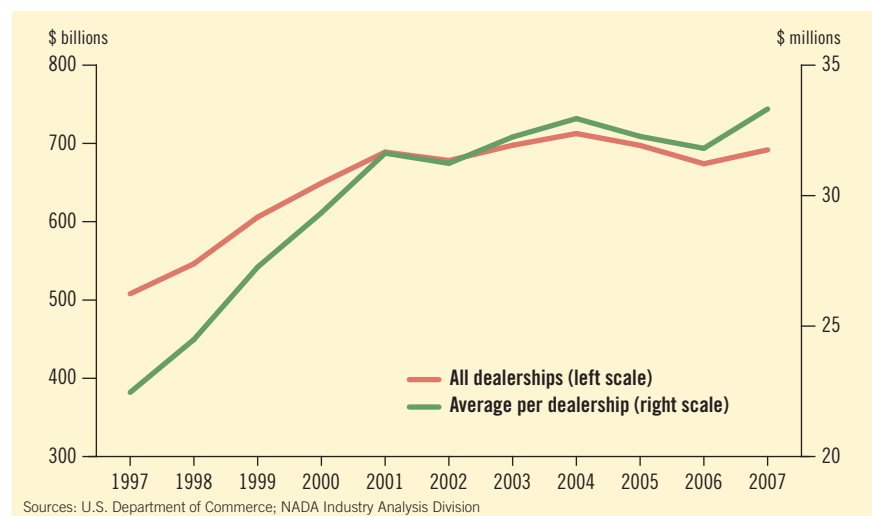
Source: NADA Industry Analysis Division

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# Total Dealership Sales Dollars

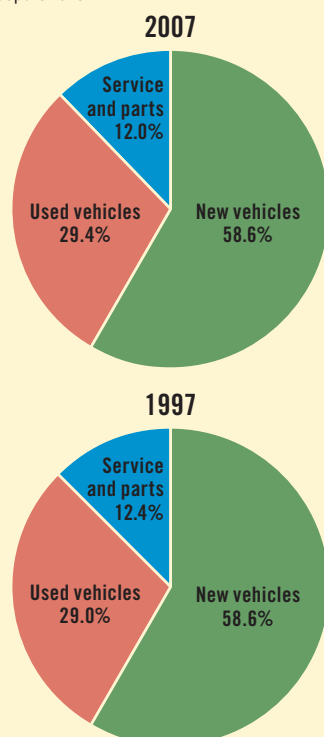
TOTAL DOLLAR SALES at the nation's new-car dealerships increased almost 3 percent in 2007, to \$693 billion, after a 3 percent decrease in 2006. Used-vehicle department sales continued to improve last year, with a 1.5 percent rise in transaction prices and nearly 11.5 percent gross margin on retail selling prices after years of soft sales caused by oversupply and new-vehicle incentives. Average dealership sales varied significantly among the states: Nine had less than \$20 million, but 24 exceeded \$30 million.

## Total sales of new-car dealerships



## Share of total dealership sales dollars

By department



Source: NADA Industry Analysis Division

## 2007 total sales, by state

State	All dealerships (millions)	Average per dealership (thousands)	State	All dealerships (millions)	Average per dealership (thousands)
Alabama	\$10,075	\$29,202	Montana	\$2,570	\$19,468
Alaska	1,255	33,035	Nebraska	3,819	17,930
Arizona	18,194	71,072	Nevada	7,150	60,592
Arkansas	5,775	21,629	New Hampshire	4,013	23,747
California	82,310	51,637	New Jersey	25,119	43,761
Colorado	11,370	40,034	New Mexico	4,343	31,022
Connecticut	9,050	28,280	New York	34,482	31,009
Delaware	2,084	32,063	North Carolina	20,497	29,619
D.C.	80	80,077	North Dakota	1,703	17,736
Florida	46,554	49,108	Ohio	23,128	24,142
Georgia	20,729	34,377	Oklahoma	17,857	59,724
Hawaii	2,786	42,206	Oregon	7,880	28,760
Idaho	3,229	26,250	Pennsylvania	29,838	25,700
Illinois	26,422	28,289	Rhode Island	2,061	32,710
Indiana	11,702	22,462	South Carolina	9,149	28,064
Iowa	6,259	16,961	South Dakota	1,874	16,021
Kansas	5,727	22,198	Tennessee	13,736	32,704
Kentucky	7,291	24,467	Texas	62,318	46,299
Louisiana	10,639	31,570	Utah	6,007	39,260
Maine	2,608	18,111	Vermont	1,525	15,717
Maryland	13,374	37,359	Virginia	18,522	33,615
Massachusetts	14,684	30,720	Washington	13,900	36,292
Michigan	24,180	31,858	West Virginia	3,342	19,775
Minnesota	11,698	26,707	Wisconsin	10,921	18,293
Mississippi	5,301	21,905	Wyoming	1,457	20,820
Missouri	12,705	25,718	<b>Total U.S.</b>	<b>\$693,300</b>	<b>\$33,380</b>

Source: NADA Industry Analysis Division

## Relationship of new-car dealerships to total retail trade in 2007, by state

	Number of dealers as % of total retail establishments in the state	Dealer sales as % of total retail sales in the state	Dealer payroll as % of total retail payroll in the state	Dealer employees as % of total retail employment in the state
Alabama	1.9%	17.8%	12.9%	7.0%
Alaska	1.9	14.2	11.5	6.8
Arizona	2.1	19.1	15.2	8.4
Arkansas	2.6	17.6	12.7	6.7
California	2.4	18.9	13.9	7.9
Colorado	1.6	19.2	13.6	7.3
Connecticut	3.0	17.7	14.0	8.0
Delaware	2.1	17.5	15.2	8.2
D.C.	0.2	3.7	1.4	0.7
Florida	2.2	19.3	15.1	7.9
Georgia	2.1	19.1	13.8	7.4
Hawaii	1.3	14.2	12.0	6.2
Idaho	2.3	16.2	12.6	7.3
Illinois	3.3	17.9	13.8	7.6
Indiana	2.5	16.7	12.9	7.0
Iowa	3.4	16.8	13.3	7.3
Kansas	3.0	17.3	13.2	7.2
Kentucky	2.4	15.2	11.9	6.4
Louisiana	2.2	18.1	14.5	7.5
Maine	2.3	14.8	11.8	6.6
Maryland	2.4	19.8	14.7	8.3
Massachusetts	2.5	17.0	12.7	6.8
Michigan	2.7	20.7	15.1	7.7
Minnesota	2.4	16.8	12.3	6.8
Mississippi	2.2	16.7	12.4	6.4
Missouri	2.4	17.9	13.9	7.3
Montana	2.7	16.1	12.1	7.0
Nebraska	3.6	16.9	12.6	6.9
Nevada	1.6	16.6	14.9	7.7
New Hampshire	3.0	17.0	13.9	7.7
New Jersey	2.4	19.3	13.4	7.2
New Mexico	2.5	17.2	14.0	7.8
New York	1.9	15.1	10.5	5.9
North Carolina	2.3	18.1	13.8	7.5
North Dakota	3.0	17.7	14.0	8.0
Ohio	2.6	17.7	12.9	7.3
Oklahoma	3.0	19.7	14.6	7.7
Oregon	2.1	16.3	13.1	7.4
Pennsylvania	3.0	17.8	13.8	8.0
Rhode Island	2.2	17.4	11.9	6.5
South Carolina	2.4	16.8	12.1	6.6
South Dakota	3.0	15.8	13.3	7.5
Tennessee	2.9	18.0	13.4	7.3
Texas	2.3	20.2	14.6	7.9
Utah	2.2	16.4	11.6	6.2
Vermont	3.0	16.8	12.9	7.5
Virginia	2.3	17.1	14.6	7.9
Washington	2.2	15.1	12.1	7.2
West Virginia	2.8	16.8	12.7	7.4
Wisconsin	3.2	17.4	12.9	7.6
Wyoming	2.7	16.5	13.5	7.4
<b>Total U.S.</b>	<b>2.3%</b>	<b>18.0%</b>	<b>13.4%</b>	<b>7.3%</b>

Source: NADA Industry Analysis Division

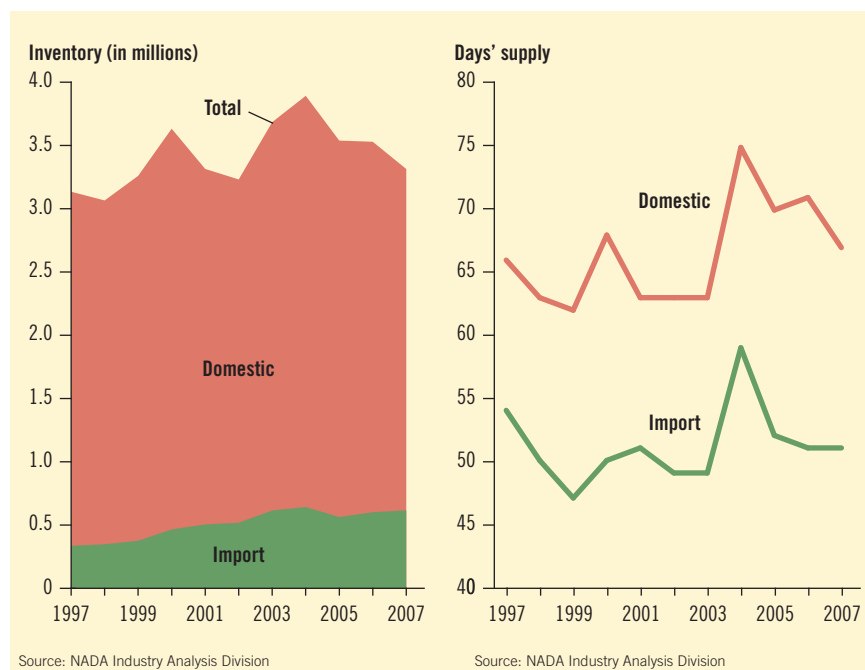
# The New-Vehicle Department

NEW-VEHICLE SALES FOR 2007 were 16.1 million units—down from 2006's 16.5 million. On a seasonally adjusted annual rate (SAAR) basis, sales volume was at or above 16.6 million units during the first two months of last year, but dropped during the summer and fall. Sales began to recover in August and hit 16.1 million units for all of 2007. Total automaker inventory remained lower than in 2006, averaging 3.3 million units in 2007. Days' supply of domestic vehicles decreased to 67; days' supply of faster-selling imported vehicles remained at 51.

As shown on the next page, the popularity of crossover vehicles helped sustain light-duty truck sales at 8.5 million units. Light trucks outsold cars in 2007, as their market share remained at 2006's level: 53 percent of total light vehicles sold.

The average selling price of a new vehicle in 2007, including accessories and options (next page, upper right), increased by 1.2 percent from 2006. New-vehicle sales by manufacturer (bottom of the next page) show GM, Ford, and Chrysler losing market share in 2007. Three of the major Japanese brands—Toyota, Honda, and Nissan—saw their shares rise. Lexus, Hyundai, Mazda, Mitsubishi, Suzuki, and Kia also saw gains, as did Audi, BMW, Land Rover, Mercedes, Volkswagen, and Porsche. Jaguar, Subaru, Saab, Isuzu, and Volvo faced market-share declines in 2007.

## New-vehicle inventories and days' supply



## New-vehicle sales, by month

	2007 Actual	2007 SAAR* (in millions)	2006 Actual	2006 SAAR* (in millions)	% change 2006 to 2007
January	1,086,290	16.7	1,140,345	17.6	-4.7%
February	1,249,103	16.5	1,258,099	16.6	-0.7%
March	1,534,021	16.2	1,526,603	16.6	0.5%
April	1,331,433	16.2	1,444,894	16.7	-7.9%
May	1,555,947	16.1	1,485,857	16.1	4.7%
June	1,450,199	16.1	1,497,221	16.3	-3.1%
July	1,304,150	15.5	1,489,361	16.6	-12.4%
August	1,472,808	16.2	1,482,832	16.0	-0.7%
September	1,309,654	16.2	1,349,923	16.6	-3.0%
October	1,227,202	16.0	1,212,849	16.1	1.2%
November	1,175,381	16.2	1,194,173	16.0	-1.6%
December	1,384,522	16.2	1,424,408	16.7	-2.8%
<b>Full year</b>	<b>16,080,710</b>	<b>16.1</b>	<b>16,506,565</b>	<b>16.5</b>	<b>-2.6%</b>

\*Seasonally adjusted annual rate  
Source: NADA Industry Analysis Division

Total automaker inventory remained lower than in 2006, averaging 3.3 million units in 2007.

### New light-duty vehicle sales, by year

Year	New cars	Light-duty trucks	Total light-duty vehicles	Light-duty trucks as % of total
1997	8,272,100	6,858,100	15,130,200	45.3%
1998	8,137,400	7,404,500	15,541,900	47.6
1999	8,698,600	8,197,200	16,895,800	48.5
2000	8,846,900	8,502,800	17,349,700	49.0
2001	8,422,600	8,699,300	17,121,900	50.8
2002	8,103,200	8,714,300	16,817,500	51.8
2003	7,609,800	9,024,900	16,634,700	54.3
2004	7,505,900	9,360,600	16,866,500	55.5
2005	7,666,700	9,278,300	16,945,000	54.8
2006	7,780,800	8,721,000	16,502,700	52.8
2007	7,618,400	8,470,900	16,089,300	52.6
<b>Average 1997–2007</b>	<b>8,060,218</b>	<b>8,475,627</b>	<b>16,535,927</b>	<b>51.3%</b>

Source: NADA Industry Analysis Division

### Number of new vehicles sold and selling price

Year	New vehicles sold per dealership	Average retail selling price
1997	668	\$22,650
1998	694	23,600
1999	759	24,450
2000	783	24,900
2001	785	25,800
2002	774	26,150
2003	769	27,550
2004	779	28,050
2005	788	28,400
2006	778	28,450
2007	775	28,800

Source: NADA Industry Analysis Division

### New-vehicle sales and market share, by manufacturer

Year	Chrysler	Ford	General Motors	Toyota	Honda	Nissan	Volkswagen	Other imports	Total
1997	2,303,800 15.23%	3,807,100 25.16%	4,734,100 31.29%	1,230,100 8.13%	940,400 6.22%	728,400 4.81%	172,000 1.14%	1,214,400 8.03%	15,130,200
1998	2,510,000 16.15%	3,860,200 24.84%	4,570,100 29.41%	1,361,000 8.76%	1,009,600 6.50%	621,600 4.00%	267,200 1.72%	1,342,300 8.64%	15,541,900
1999	2,638,600 15.62%	4,115,600 24.36%	4,974,600 29.44%	1,475,400 8.73%	1,076,900 6.37%	677,900 4.01%	381,500 2.26%	1,555,300 9.21%	16,895,800
2000	2,522,700 14.54%	4,147,700 23.91%	4,911,700 28.31%	1,619,200 9.33%	1,158,900 6.68%	752,800 4.34%	435,900 2.51%	1,800,800 10.38%	17,349,700
2001	2,273,200 13.28%	3,915,500 22.87%	4,852,500 28.34%	1,741,300 10.17%	1,207,600 7.05%	703,700 4.11%	438,900 2.56%	1,989,200 11.62%	17,121,900
2002	2,205,450 13.11%	3,576,250 21.27%	4,815,150 28.63%	1,756,150 10.44%	1,247,850 7.42%	739,850 4.40%	423,850 2.52%	2,052,950 12.21%	16,817,500
2003	2,127,450 12.79%	3,437,700 20.67%	4,716,050 28.35%	1,866,300 11.22%	1,349,850 8.11%	794,800 4.78%	389,100 2.34%	1,953,450 11.74%	16,634,700
2004	2,206,000 13.08%	3,271,100 19.39%	4,657,400 27.61%	2,060,050 12.21%	1,394,400 8.27%	855,000 5.07%	334,050 1.98%	2,088,500 12.38%	16,866,500
2005	2,304,900 13.60%	3,106,900 18.34%	4,456,800 26.30%	2,260,300 13.34%	1,462,500 8.63%	1,076,900 6.36%	307,250 1.81%	1,969,450 11.62%	16,945,000
2006	2,142,500 12.98%	2,848,100 17.26%	4,067,600 24.65%	2,542,500 15.41%	1,509,400 9.15%	1,019,500 6.18%	325,300 1.97%	2,047,900 12.41%	16,502,700
2007	2,076,100 12.90%	2,502,000 15.55%	3,824,550 23.77%	2,620,800 16.29%	1,551,550 9.64%	1,068,500 6.64%	324,050 2.01%	2,121,750 13.19%	16,089,300
<b>Average 1997–2007</b>	<b>2,300,973 13.91%</b>	<b>3,508,014 21.21%</b>	<b>4,598,232 27.81%</b>	<b>1,866,645 11.29%</b>	<b>1,264,450 7.65%</b>	<b>821,723 4.97%</b>	<b>345,373 2.09%</b>	<b>1,830,545 11.07%</b>	<b>16,535,927</b>

Source: NADA Industry Analysis Division

# F&I, Service Contracts

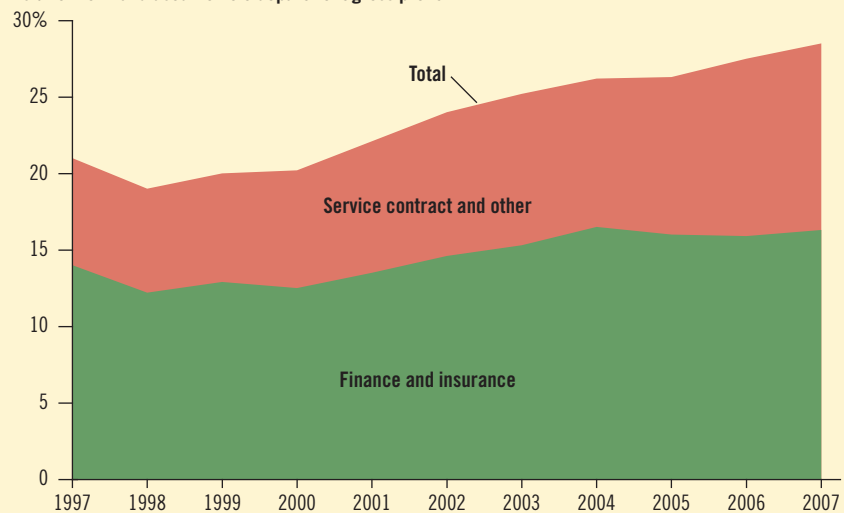
AFTER A 2.3 PERCENT INCREASE IN 2006, gross margin on the sale of new units fell almost 3 percent in 2007. The decrease in gross profit in a challenging marketplace makes profits generated by finance, insurance, and service contracts increasingly important to the new-vehicle department. Aftermarket income (combined gross from F&I and service contracts) was 28.5 percent of new- and used-vehicle department gross in 2007—up from 27.6 percent in 2006. This stemmed partly from a renewed focus on F&I, resulting in higher finance penetration rates for both new and used cars, and a greater emphasis on customer understanding and satisfaction in dealer financing.

Improvement in vehicle quality and warranties helped bring a drop in service contract penetration from a high

of 35 percent in 1986. It stood at 31 percent in 2007, down from 32 percent in 2006.

## Aftermarket income

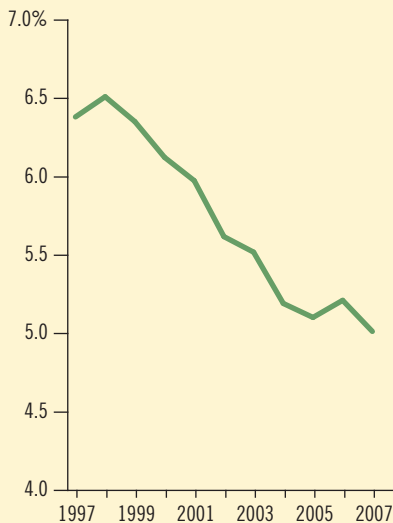
As % of new- and used-vehicle department gross profit



Source: NADA Industry Analysis Division

## Gross as percentage of selling price

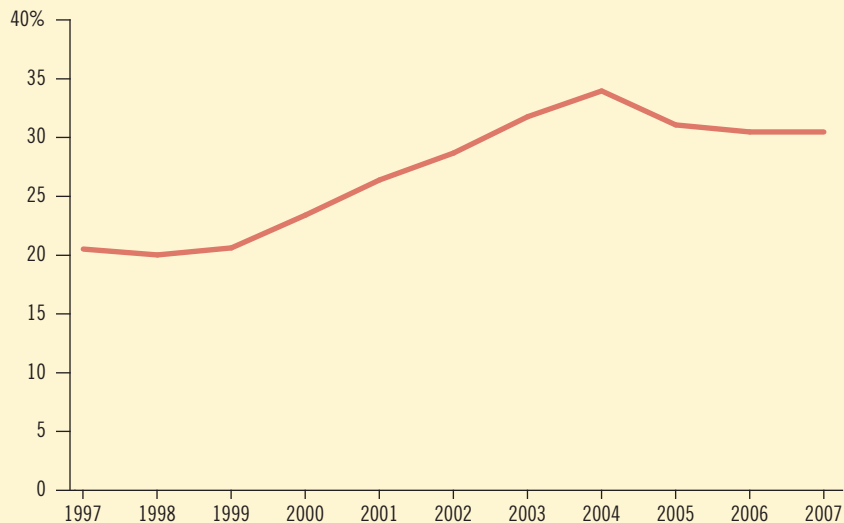
New vehicles retailed



Source: NADA Industry Analysis Division

## Service contract penetration rates

As % of new vehicles retailed



Source: NADA Industry Analysis Division

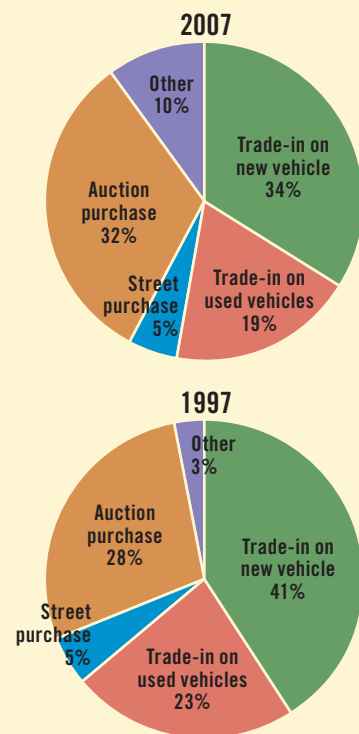
# The Used-Vehicle Department

NEW-CAR DEALERS sold more than 18.5 million used vehicles last year. Of these, 11.4 million were retail and 7.1 million were wholesale. The average selling price of a used unit retailed in 2007 was \$15,715.

New-car dealers acquired 53 percent of the used units they retailed from trade-ins and got the remaining 47 percent from auctions, street purchases, or other sources. As a source of used cars, auctions have made the biggest inroads in the past decade—from less than 10 percent of the dealer's inventory in the early 1980s to 32 percent in 2007.

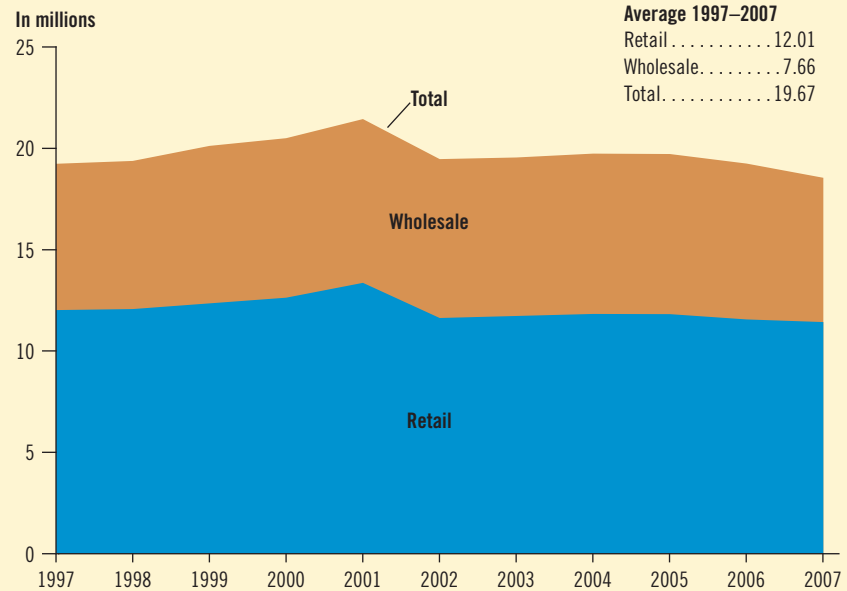
## Sources of used vehicles retailed by dealerships

By department



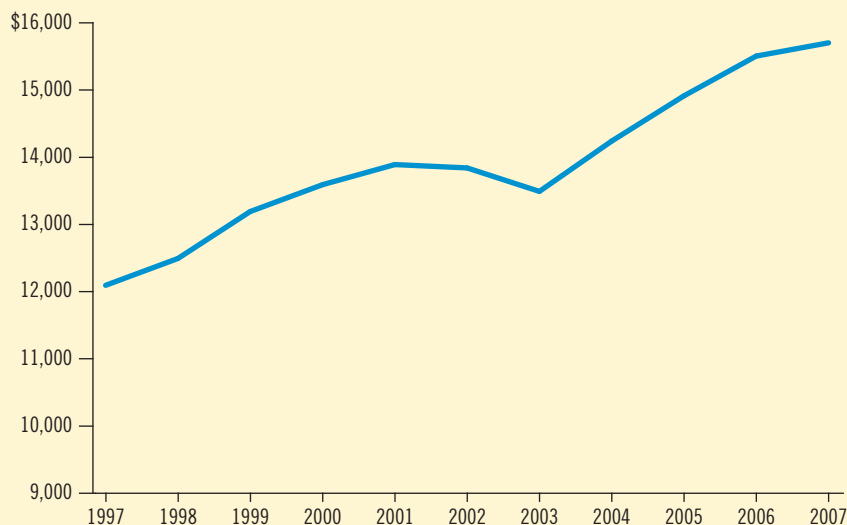
Source: NADA Industry Analysis Division

## Used-vehicle sales by new-car dealerships



Source: NADA Industry Analysis Division

## Average retail selling price of used vehicles retailed by new-car dealerships



Source: NADA Industry Analysis Division

# Service, Parts, and Body Shop

NATIONWIDE, franchised dealership total service and parts sales reached almost \$84 billion in 2007, up from \$80.5 billion the previous year. Dealerships face increasing competition from independent service stations and quick-lube centers, but continue to attract customers with competitive pricing and upgraded facilities. Last year's service sales were powered by strong light-vehicle sales in recent years and more miles driven on average. Customer-paid mechanical service rose almost 5 percent from 2006.

New-car dealers have made major investments in service and parts to beef up sales and customer satisfaction. In 2007 dealers provided 366,157 service stalls, employed 257,200 technicians, and carried a parts inventory valued at \$5.7 billion.

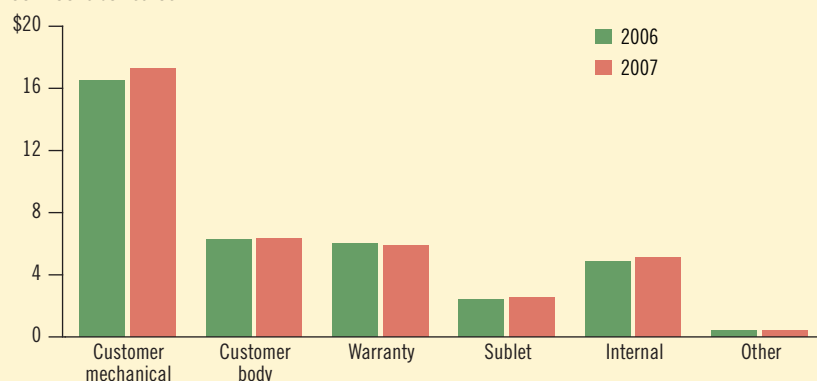
To boost customer convenience and make full use of their facilities, 71 percent of dealers offered evening service hours, weekend hours, or both. The average dealership service department was open for business 56 hours a week.

In recent years, more dealerships have opted to remain out of the body shop business. Industry analysis estimates that only 37 percent of new-car dealerships had body shops in 2007, a decline from 2006. Auto bodywork performed by all new-car franchised dealerships remained at about \$9.5 billion last year.

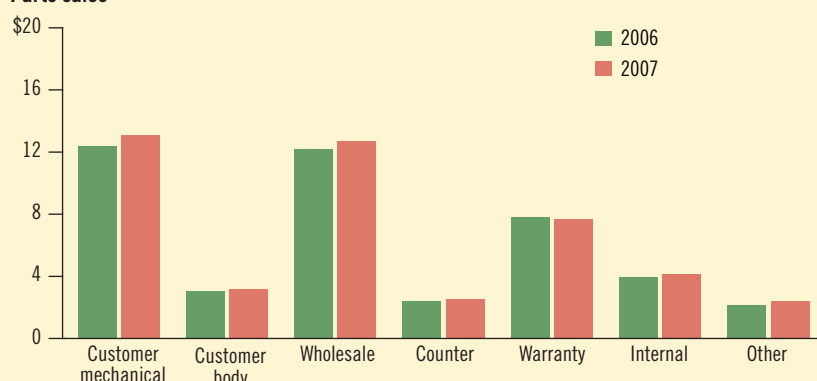
## Dealerships' total service and parts sales

In billions of dollars

### Service labor sales



### Parts sales



Source: NADA Industry Analysis Division

## Profile of dealerships' service and parts operations, 2007

	Average dealership	All dealers
Total service and parts sales	\$4,013,121	\$83.35 billion
Total gross profit as percent of service and parts sales	46.18%	
Total net profit as percent of service and parts sales	6.95%	
Total number of repair orders written	12,123	261 million
Total service and parts sales per customer repair order	\$212	
Total service and parts sales per warranty repair order	\$235	
Number of technicians (including body)	12	257,200
Number of service bays (excluding body)	18	366,157
Total parts inventory	\$273,413	\$5.7 billion
Average customer mechanical labor rate	\$85	

Source: NADA Industry Analysis Division

In 2007 dealers provided 366,157 service stalls, employed 257,200 technicians, and carried a parts inventory valued at \$5.7 billion.

### Dealerships' total service and parts sales

In billions of dollars

	Amount	% change
1997	\$62.93	3.6%
1998	63.56	1.0
1999	67.66	6.5
2000	73.83	9.1
2001	80.10	8.5
2002	83.11	3.8
2003	85.35	2.7
2004	85.48	0.2
2005	85.16	-0.4
2006	80.45	-5.5
2007	83.35	3.6

Source: NADA Industry Analysis Division

### Dealerships' service and parts sales

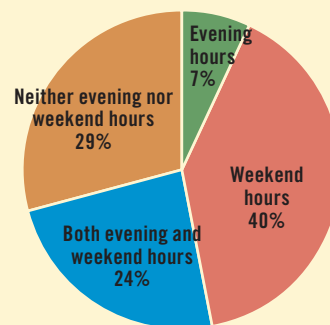
In billions of dollars

	2006	2007	% change
<b>Service labor sales</b>			
Customer mechanical	\$16.51	\$17.25	4.5%
Customer body	6.26	6.33	1.2
Warranty	5.99	5.89	-1.7
Sublet	2.41	2.54	5.2
Internal	4.83	5.14	6.4
Other	0.42	0.45	5.9
<b>Total service labor</b>	<b>\$36.42</b>	<b>\$37.60</b>	<b>3.2%</b>
<b>Parts sales</b>			
Customer mechanical	\$12.37	\$13.10	5.9%
Customer body	3.05	3.18	4.1
Wholesale	12.22	12.72	4.1
Counter	2.43	2.53	4.4
Warranty	7.84	7.69	-2.0
Internal	3.95	4.14	4.8
Other	2.17	2.40	10.6
<b>Total parts</b>	<b>\$44.03</b>	<b>\$45.75</b>	<b>3.9%</b>
<b>Total service and parts</b>	<b>\$80.45</b>	<b>\$83.35</b>	<b>3.6%</b>

Source: NADA Industry Analysis Division

### Service department hours of operation

Percent of dealership service departments with:

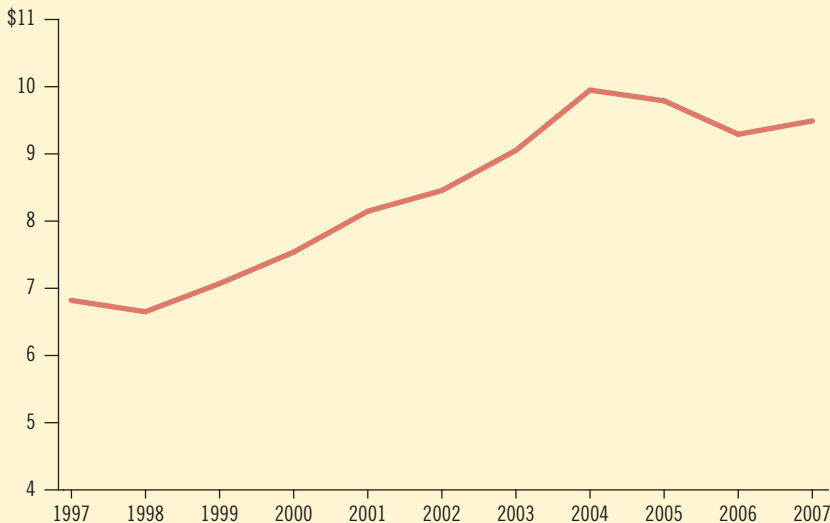


Average hours open per week: 56

Source: NADA Industry Analysis Division

### Total dealership body shop sales

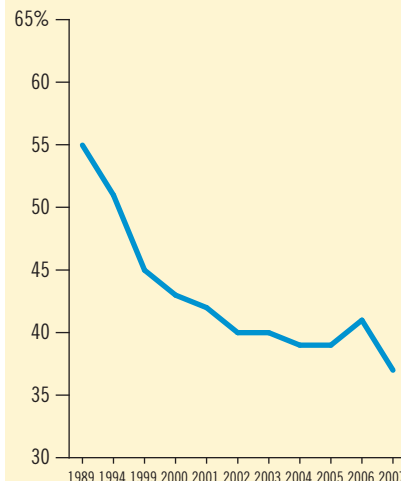
In billions of dollars



Source: NADA Industry Analysis Division

### Dealerships operating on-site body shops

Percent of total dealership population



Source: NADA Industry Analysis Division

# Employment and Payroll

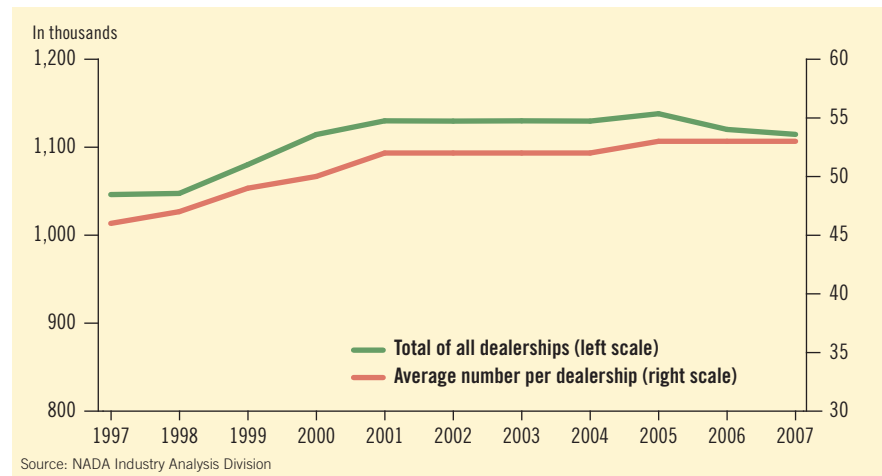
FRANCHISED DEALERS are major employers, as well as significant contributors to their communities' economies, tax bases, and civic and charitable organizations. In the past eight years, total dealership employment has remained consistent, currently standing at 1,114,500.

The number and type of employees vary significantly among dealerships, depending on store characteristics such as size, location, makes handled, and distribution of sales among departments. Total dealership employment count in 2007 was estimated as follows:

New- and used-vehicle salespeople . . . . .	229,100
Technicians . . . . .	257,200
Service and parts workers (other than technicians) . . .	344,100
Supervisors, general office workers, and others . . . . .	284,100
<b>Total . . . . .</b>	<b>1,114,500</b>

The average dealership in 2007 employed 54 people and had an annual payroll of \$2,594,000. The payroll for all dealerships was \$53.9 billion, and represented almost 13.5 percent of the nation's total retail trade payroll.

## Estimated number of employees of new-car dealerships

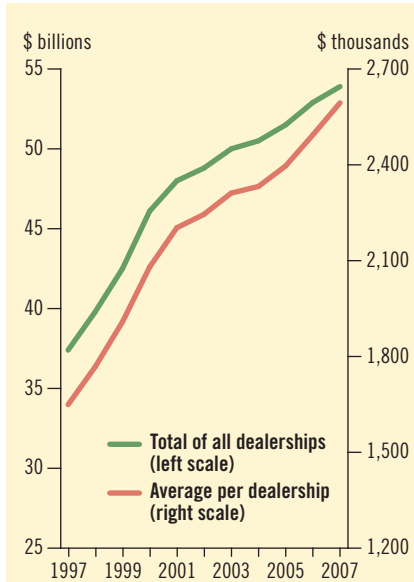


## Estimated number of new-car dealership employees in 2007, by state

State	Total number all dealers	Average number per dealership	State	Total number all dealers	Average number per dealership
Alabama	16,471	48	Montana	4,280	32
Alaska	2,292	60	Nebraska	6,584	31
Arizona	29,182	114	Nevada	11,025	93
Arkansas	8,712	33	New Hampshire	7,122	42
California	133,721	84	New Jersey	32,152	56
Colorado	17,076	60	New Mexico	7,458	53
Connecticut	14,388	45	New York	49,122	44
Delaware	4,022	62	North Carolina	32,828	47
D.C.	32	32	North Dakota	3,196	33
Florida	76,508	81	Ohio	40,937	43
Georgia	33,858	56	Oklahoma	19,979	67
Hawaii	5,105	77	Oregon	14,092	51
Idaho	5,842	47	Pennsylvania	50,694	44
Illinois	43,336	46	Rhode Island	3,308	53
Indiana	21,778	42	South Carolina	15,042	46
Iowa	12,020	33	South Dakota	3,480	30
Kansas	10,072	39	Tennessee	22,121	53
Kentucky	13,072	44	Texas	86,828	65
Louisiana	18,210	54	Utah	9,340	61
Maine	5,350	37	Vermont	2,783	29
Maryland	24,131	67	Virginia	33,094	60
Massachusetts	23,400	49	Washington	23,317	61
Michigan	36,258	48	West Virginia	6,227	37
Minnesota	19,500	45	Wisconsin	21,633	36
Mississippi	9,460	39	Wyoming	2,460	35
Missouri	21,603	44	<b>Total U.S.</b>	<b>1,114,500</b>	<b>53</b>

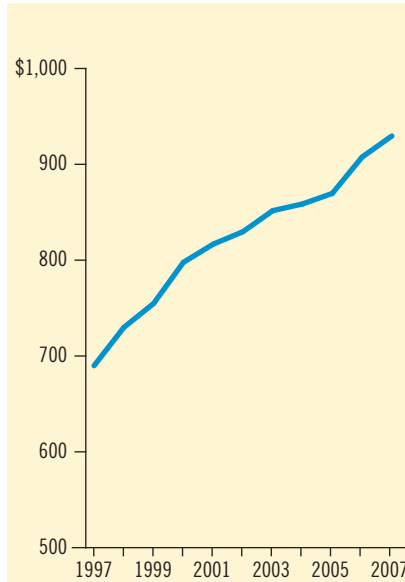
Source: NADA Industry Analysis Division

## Annual payroll of new-car dealerships



Source: NADA Industry Analysis Division

## Average weekly earnings of dealership employees



Source: NADA Industry Analysis Division

## 2007 annual payroll of new-car dealerships, by state

State	Total all dealerships (\$ billions)	Average per dealership (\$ millions)
Alabama	\$0.71	\$2.07
Alaska	0.12	3.03
Arizona	1.49	5.81
Arkansas	0.35	1.31
California	7.38	4.63
Colorado	0.87	3.08
Connecticut	0.79	2.46
Delaware	0.19	2.90
D.C.	0.00	1.48
Florida	3.86	4.07
Georgia	1.65	2.73
Hawaii	0.26	3.88
Idaho	0.25	2.03
Illinois	2.12	2.27
Indiana	0.95	1.82
Iowa	0.48	1.31
Kansas	0.43	1.67
Kentucky	0.54	1.81
Louisiana	0.78	2.33
Maine	0.22	1.55
Maryland	1.19	3.31
Massachusetts	1.21	2.54
Michigan	1.89	2.49
Minnesota	0.87	1.99
Mississippi	0.40	1.66
Missouri	0.99	2.01
Montana	0.16	1.22
Nebraska	0.27	1.28
Nevada	0.64	5.42
New Hampshire	0.36	2.10
New Jersey	1.83	3.18
New Mexico	0.32	2.30
New York	2.48	2.23
North Carolina	1.51	2.18
North Dakota	0.12	1.25
Ohio	1.77	1.85
Oklahoma	0.82	2.73
Oregon	0.66	2.42
Pennsylvania	2.16	1.86
Rhode Island	0.16	2.50
South Carolina	0.66	2.03
South Dakota	0.14	1.20
Tennessee	1.05	2.50
Texas	4.34	3.22
Utah	0.41	2.70
Vermont	0.12	1.21
Virginia	1.55	2.82
Washington	1.16	3.03
West Virginia	0.22	1.32
Wisconsin	0.86	1.44
Wyoming	0.11	1.54
<b>Total U.S.</b>	<b>\$53.87</b>	<b>\$2.59</b>

Source: NADA Industry Analysis Division

## Average weekly earnings of new-car dealership employees in 2007, by state

Alabama	\$ 837	Montana	\$ 727
Alaska	972	Nebraska	800
Arizona	986	Nevada	1,121
Arkansas	776	New Hampshire	964
California	1,067	New Jersey	1,098
Colorado	989	New Mexico	834
Connecticut	1,057	New York	977
Delaware	905	North Carolina	891
D.C.	902	North Dakota	725
Florida	976	Ohio	836
Georgia	940	Oklahoma	792
Hawaii	971	Oregon	911
Idaho	827	Pennsylvania	825
Illinois	946	Rhode Island	922
Indiana	844	South Carolina	853
Iowa	779	South Dakota	780
Kansas	829	Tennessee	916
Kentucky	796	Texas	966
Louisiana	834	Utah	854
Maine	807	Vermont	816
Maryland	950	Virginia	908
Massachusetts	1,003	Washington	962
Michigan	1,007	West Virginia	692
Minnesota	866	Wisconsin	767
Mississippi	823	Wyoming	847
Missouri	888	<b>Total U.S.</b>	<b>\$ 930</b>

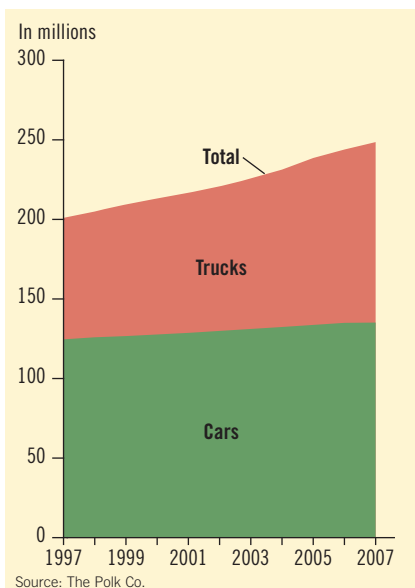
Source: NADA Industry Analysis Division

# Vehicles in Operation and Scrappage

ON JUNE 30, 2007, there were more than 248 million vehicles in operation. In the past nine years, the total light-vehicle fleet has increased by an average of 2 percent each year. The 2007 median age for the car population was 9.2 years and for light trucks, 7.1 years.

Scrappage—the difference between sales and the growth of the vehicle population—was 12.7 million units in 2007, up from 12.1 million units in 2006, reflecting the strong vehicle market and the run-up in commodity prices, including scrap steel. NADA Industry Analysis estimates that the average light vehicle on the road is 7.8 years old. Because of strong growth in truck sales, the average age of cars is rising.

## Total vehicles in operation, by year

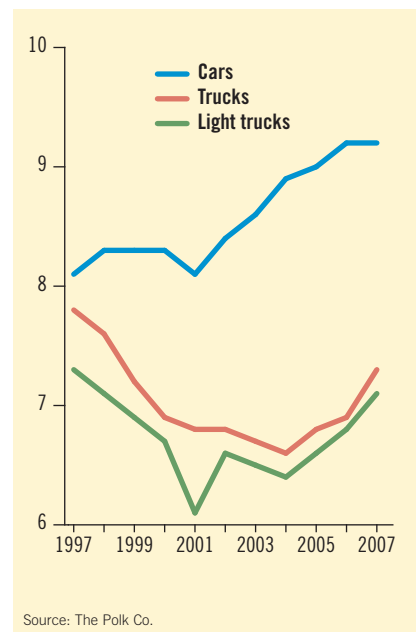


## Vehicles in operation—scrappage, by year

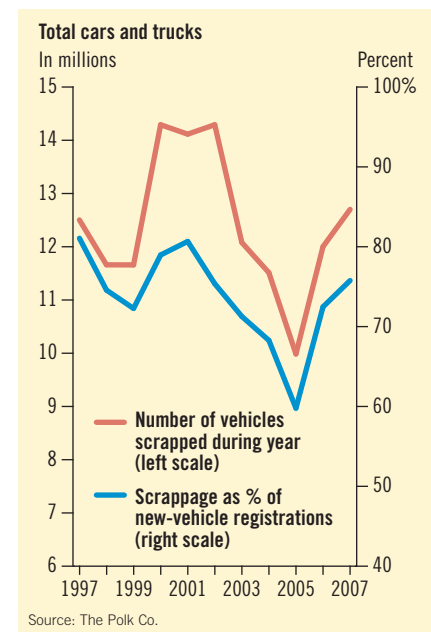
	Total vehicles in use	New vehicle registrations	Scrappage	Scrappage as % of registrations
1997	201,070,397	15,285,529	12,508,591	81.8%
1998	205,042,639	15,637,540	11,665,298	74.6
1999	209,509,161	16,130,124	11,663,602	72.3
2000	213,299,313	18,088,911	14,298,759	79.0
2001	216,682,936	17,505,343	14,121,720	80.7
2002	221,027,121	17,639,934	13,295,749	75.4
2003	225,882,103	16,939,662	12,084,680	71.3
2004	231,398,281	17,419,471	11,903,293	68.3
2005	238,697,097	16,690,280	9,988,864	59.8
2006	244,021,754	16,564,575	12,007,700	72.5
2007	248,700,997	16,007,379	12,707,216	79.4

Source: The Polk Co.

## Median age of passenger cars, trucks, and light trucks, by year



## Estimated vehicle scrappage



## Total vehicles in operation in 2007, by state

State	Passenger cars	Trucks and buses	Total vehicles*	State	Passenger cars	Trucks and buses	Total vehicles*
Alabama	1,795,596	2,825,636	4,630,314	Montana	447,446	616,613	1,066,562
Alaska	242,487	429,901	675,094	Nebraska	832,511	893,627	1,733,133
Arizona	2,189,979	1,987,392	4,182,332	Nevada	679,828	684,806	1,366,557
Arkansas	958,640	1,027,414	1,994,255	New Hampshire	585,455	472,635	1,059,963
California	19,835,554	13,289,690	33,182,058	New Jersey	3,692,966	2,241,195	5,957,988
Colorado	858,967	943,027	1,807,823	New Mexico	699,312	877,956	1,580,820
Connecticut	1,999,809	1,041,651	3,051,952	New York	8,528,457	2,685,424	11,283,896
Delaware	432,509	378,512	813,188	North Carolina	3,659,926	2,607,790	6,301,436
D.C.	168,916	47,300	219,105	North Dakota	345,502	364,080	712,169
Florida	7,425,148	8,899,488	16,373,565	Ohio	6,438,988	4,345,371	10,828,843
Georgia	4,141,179	4,123,932	8,286,454	Oklahoma	1,606,517	1,576,680	3,201,831
Hawaii	538,581	464,288	1,008,540	Oregon	1,427,597	1,538,960	2,981,379
Idaho	541,487	729,861	1,275,115	Pennsylvania	5,842,819	4,013,315	9,894,163
Illinois	5,947,468	3,910,742	9,876,246	Rhode Island	508,389	295,433	805,548
Indiana	2,694,901	2,228,559	4,955,434	South Carolina	1,964,994	1,470,771	3,453,843
Iowa	1,744,519	1,593,003	3,345,951	South Dakota	375,760	465,580	843,984
Kansas	872,878	1,512,396	2,389,192	Tennessee	2,878,136	2,193,213	5,091,328
Kentucky	1,969,142	1,574,731	3,558,122	Texas	8,805,316	8,642,899	17,538,388
Louisiana	1,950,372	1,900,270	3,872,744	Utah	1,079,455	1,155,325	2,236,088
Maine	581,797	486,680	1,071,876	Vermont	309,972	275,951	587,668
Maryland	2,656,597	1,819,645	4,488,397	Virginia	4,031,355	2,586,357	6,635,976
Massachusetts	3,310,725	2,063,283	5,385,215	Washington	3,087,818	2,590,014	5,689,497
Michigan	4,765,547	3,362,440	8,154,235	West Virginia	734,599	703,706	1,441,099
Minnesota	2,512,491	2,174,813	4,704,914	Wisconsin	2,639,984	2,317,130	4,971,461
Mississippi	1,118,200	869,860	1,997,581	Wyoming	228,057	414,047	645,192
Missouri	2,715,297	2,230,390	4,957,172	<b>Total</b>	<b>135,399,945</b>	<b>107,943,782</b>	<b>244,165,686</b>

\*Includes buses Source: Department of Transportation

## Total new-vehicle registrations, by state

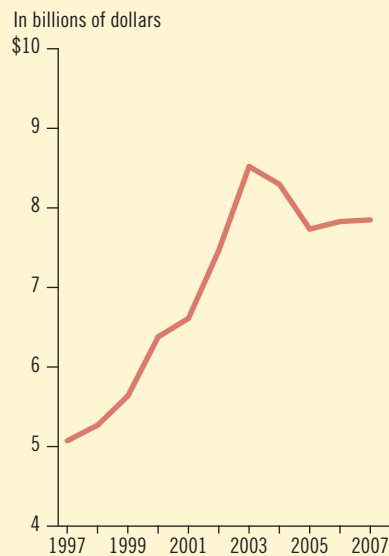
State	2007	2006	2005	2004	State	2007	2006	2005	2004
Alabama	223,480	232,666	239,098	233,488	Montana	49,944	46,787	47,289	47,854
Alaska	31,016	32,155	33,861	35,587	Nebraska	75,380	71,679	75,517	84,218
Arizona	377,996	419,204	409,009	366,019	Nevada	177,227	192,413	182,385	174,926
Arkansas	131,402	128,258	134,349	134,582	New Hampshire	84,304	97,145	91,252	92,122
California	1,871,132	2,086,931	2,144,882	2,122,834	New Jersey	611,572	602,437	608,774	644,568
Colorado	255,466	252,000	253,408	265,793	New Mexico	107,505	106,234	105,212	103,499
Connecticut	192,054	189,950	204,524	215,349	New York	870,323	847,727	863,734	909,757
Delaware	49,922	53,379	56,579	59,312	North Carolina	434,165	443,149	446,689	458,363
D.C.	20,995	18,612	17,888	19,035	North Dakota	27,019	25,319	25,977	28,729
Florida	1,241,454	1,416,862	1,451,193	1,444,605	Ohio	563,468	563,813	597,276	628,928
Georgia	466,284	499,669	507,011	494,564	Oklahoma	362,883	336,895	273,066	180,270
Hawaii	96,917	107,727	119,623	109,800	Oregon	162,753	170,512	168,564	169,027
Idaho	59,738	63,270	59,831	57,975	Pennsylvania	682,697	661,787	700,724	738,215
Illinois	654,387	663,428	667,939	694,164	Rhode Island	52,974	55,157	59,457	61,227
Indiana	251,149	279,154	276,890	299,437	South Carolina	209,066	210,321	206,404	206,217
Iowa	117,485	118,466	122,236	126,197	South Dakota	32,860	33,374	35,039	35,742
Kansas	113,370	114,433	116,042	117,238	Tennessee	277,901	272,329	271,963	290,604
Kentucky	153,544	152,761	155,749	159,268	Texas	1,390,745	1,302,253	1,284,460	1,256,385
Louisiana	262,688	286,369	268,106	243,429	Utah	122,332	122,521	116,550	108,975
Maine	52,872	57,946	59,568	63,053	Vermont	37,936	38,287	38,820	43,092
Maryland	360,195	376,039	395,737	406,920	Virginia	427,456	445,841	452,985	476,800
Massachusetts	332,090	344,490	371,789	383,577	Washington	285,385	291,249	286,048	280,275
Michigan	646,485	693,741	664,900	712,788	West Virginia	80,352	80,963	83,744	87,120
Minnesota	259,924	268,358	257,426	283,067	Wisconsin	232,224	242,574	258,467	263,663
Mississippi	116,226	132,168	109,942	115,651	Wyoming	30,138	29,059	27,111	27,326
Missouri	280,499	286,714	285,193	305,190	<b>Total U.S.</b>	<b>16,007,379</b>	<b>16,564,575</b>	<b>16,690,280</b>	<b>16,866,824</b>

Source: The Polk Co.

# Advertising and the Dealership

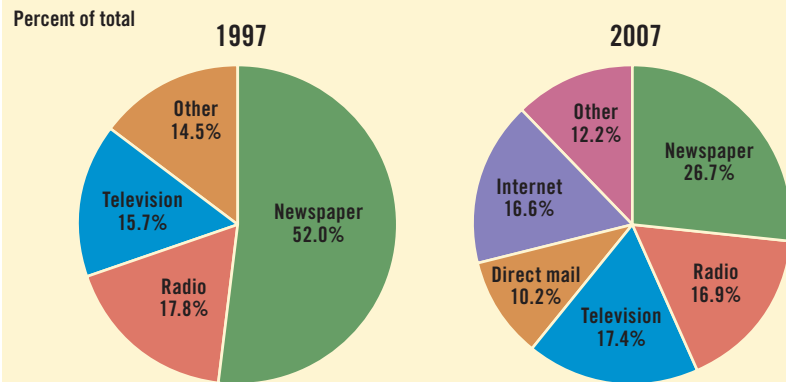
FRANCHISED DEALERS SPENT more than \$7.86 billion on advertising last year. Ad expense in the average new-vehicle dealership rose 3.4 percent from 2006. In the past 10 years, the allocation for newspapers dropped by 25 percent, but many newspapers now provide Internet advertising. The typical dealership spent 16.5 percent of advertising dollars on the Internet, up from 11.5 percent in 2006 and 9.9 percent in 2005. (Since 2005, Internet advertising has been included as a separate category in the chart.)

## Total dealership advertising expenditures



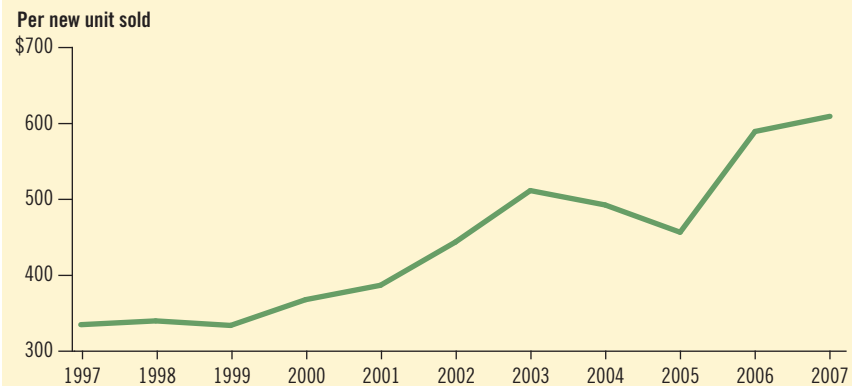
Source: NADA Industry Analysis Division

## Advertising expenditures, by medium



Source: NADA Industry Analysis Division

## Total dealership advertising



Source: NADA Industry Analysis Division

## Estimated advertising expenses per dealership in 2007

By number of new units sold					
By media used	Average of all dealerships	1-149	150-399	400-749	750 or more
Newspapers	\$100,839	\$25,480	\$46,547	\$88,700	\$198,779
Radio	64,094	13,947	29,133	59,224	138,439
TV	66,097	7,699	26,102	68,905	171,742
Direct mail	38,466	6,316	18,788	35,841	85,946
Internet	62,607	11,919	29,226	62,750	134,485
Other	46,242	9,375	19,041	46,460	104,669
<b>Total</b>	<b>\$378,346</b>	<b>\$74,736</b>	<b>\$168,838</b>	<b>\$361,880</b>	<b>\$834,060</b>
Total advertising as a % of total sales	1.13%	1.16%	1.10%	1.07%	1.06%
Total advertising per new vehicle sold	\$610	\$794	\$646	\$538	\$435

Source: NADA Industry Analysis Division

# Consumer Credit

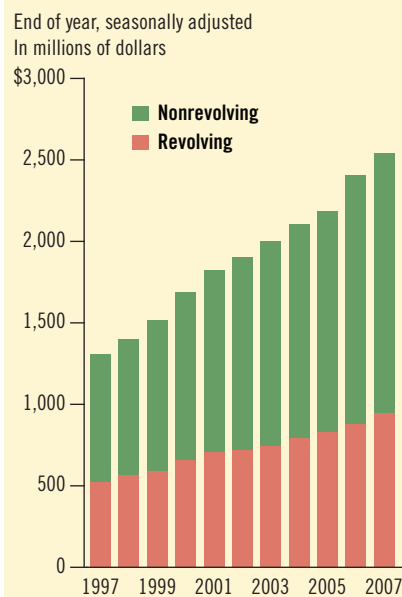
AVERAGE NEW-VEHICLE loan rates at finance companies decreased in 2007 to 4.54 percent for the year, partly from continuing strong incentives by captives. New-vehicle loan rates at banks averaged 7.77 percent last year—up from 7.72 percent in 2006.

## Average maturity of new-car loans at finance companies

2000	54.9 months
2001	55.1
2002	56.9
2003	61.4
2004	60.5
2005	60.0
2006	62.3
2007	61.0

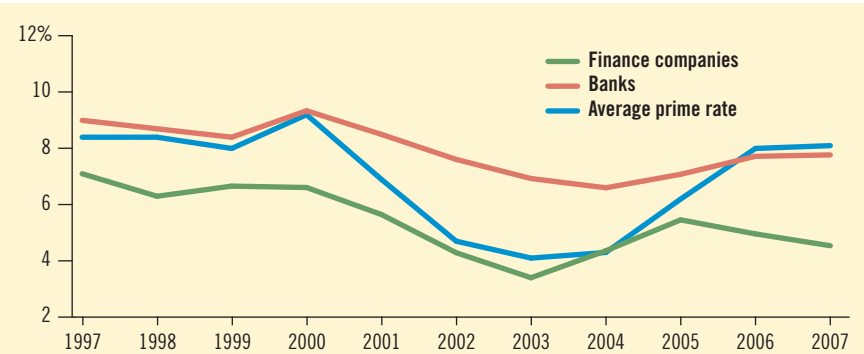
Source: Federal Reserve Board

## Consumer credit outstanding



Source: Federal Reserve Board

## Average finance rate on new-car loans



Note: The bank series represents the average of direct 48 month loans.  
The finance company series represents the average of all loans made.

Source: Federal Reserve Board

## New-vehicle affordability index

	Avg. finance rate	Avg. length loan	Avg. consumer expenditure*	Median family income	Avg. weeks of median family income to buy car*
2001Q1	8.13%	55.1 months	\$22,872	\$61,626	26.3
2001Q2	7.58	56.8	23,434	61,100	26.5
2001Q3	7.16	57.4	23,584	61,503	26.5
2001Q4	5.42	51.1	22,675	61,504	23.8
2002Q1	6.41	53.9	25,250	62,833	25.5
2002Q2	6.86	57.3	25,527	63,625	26.1
2002Q3	4.34	58.9	24,537	64,185	24.4
2002Q4	4.44	57.3	24,936	64,185	25.0
2003Q1	3.65	59.1	25,486	66,264	24.6
2003Q2	2.61	61.1	25,733	66,906	24.1
2003Q3	3.55	63.0	26,949	64,663	24.8
2003Q4	3.80	62.5	27,139	65,982	25.1
2004Q1	3.24	59.7	26,909	68,469	24.6
2004Q2	3.65	60.2	27,126	69,582	24.6
2004Q3	5.54	60.9	25,520	68,380	25.3
2004Q4	5.01	61.3	25,988	70,205	25.0
2005Q1	4.86	59.3	26,054	70,275	24.8
2005Q2	5.18	59.5	26,315	70,974	24.7
2005Q3	5.8	60.2	28,105	70,690	26.4
2005Q4	5.97	61.1	29,200	70,337	27.0
2006Q1	5.34	61.8	28,600	72,946	26.2
2006Q2	5.62	61.0	27,800	73,990	25.1
2006Q3	3.24	64.2	26,500	74,225	23.6
2006Q4	5.62	62.0	29,400	73,150	26.2
2007Q1	4.78	59.9	28,200	75,645	24.7
2007Q2	4.86	59.2	28,480	77,098	24.6
2007Q3	4.44	61.4	29,025	77,639	24.8
2007Q4	4.07	63.3	28,715	76,149	24.4

\*With possible rebate

Sources: Comerica Bank; Commerce Department; Federal Reserve

# New-Truck Dealerships

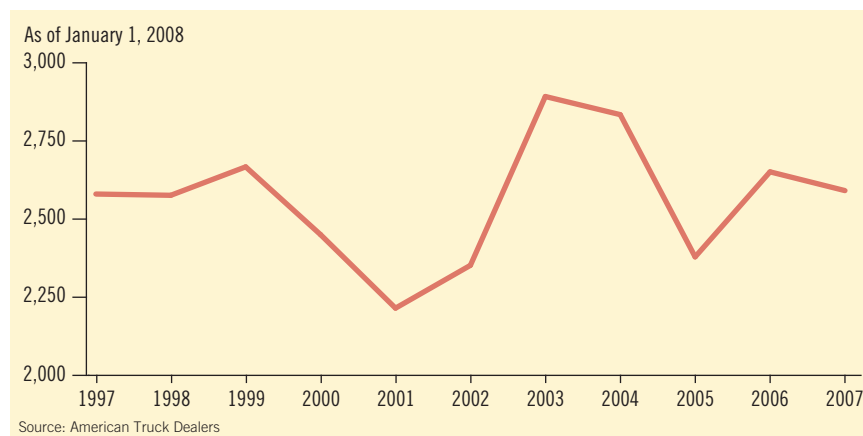
SALES OF MEDIUM- and heavy-duty trucks (Classes 4-8) dropped to 371,100 units in 2007, a 32 percent decline from 2006. Market shares changed somewhat last year. Freightliner remained the top-selling medium- and heavy-duty truck maker, with a 20.4 percent market share. Ford secured the second spot, selling almost 71,000 units, with a 19.1 percent market share. International dropped to third, with an 18.8 percent share. GM had a slight decrease in sales, while Ford experienced an increase in units sold and market share. Import manufacturers—Isuzu, Hino, and Mitsubishi Fuso—saw gains in market share; Volvo saw a drop for the year; and Dodge was a new Class 5 entry, selling almost 600 units in 2007.

## Truck categories

Trucks are classified by gross vehicle weight

Class 1	0 – 6,000 lb.
Class 2	6,001 – 10,000
Class 3	10,001 – 14,000
Class 4	14,001 – 16,000
Class 5	16,001 – 19,500
Class 6	19,501 – 26,000
Class 7	26,001 – 33,000
Class 8	33,001 lb. and over

## Number of medium- and heavy-duty truck dealerships



## U.S. retail sales and market share—calendar year 2007

Truck classes 4-8

Class	4	5	6	7	8	Total	Percent of market
Freightliner	2,218	737	11,793	23,672	37,371	75,791	20.4%
Ford	28,331	22,647	14,284	5,574	0	70,836	19.1
International	802	1,523	17,966	19,977	29,675	69,943	18.8
Peterbilt	0	0	0	5,009	19,948	24,957	6.7
Kenworth	0	0	0	4,239	19,299	23,538	6.3
GMC	4,279	8,243	1,371	5,793	0	19,686	5.3
Sterling	425	160	979	2,655	12,054	16,273	4.4
Volvo Truck	0	0	0	0	16,064	16,064	4.3
Chevrolet	5,606	6,189	988	1,695	0	14,478	3.9
Mack	0	0	0	0	13,438	13,438	3.6
Isuzu	5,828	3,002	347	462	0	9,639	2.6
Hino	259	172	3,901	1,116	0	5,448	1.5
Mitsubishi Fuso	2,962	945	1,182	129	0	5,218	1.4
Western Star	0	0	0	0	2,281	2,281	0.6
Nissan Diesel	281	716	978	105	0	2,080	0.6
Dodge	0	588	0	0	0	588	0.2
Other	0	0	0	0	835	835	0.2
<b>Total</b>	<b>50,991</b>	<b>44,922</b>	<b>53,789</b>	<b>70,426</b>	<b>150,130</b>	<b>371,093</b>	<b>100.0%</b>

Source: © 2007 Ward's Communications

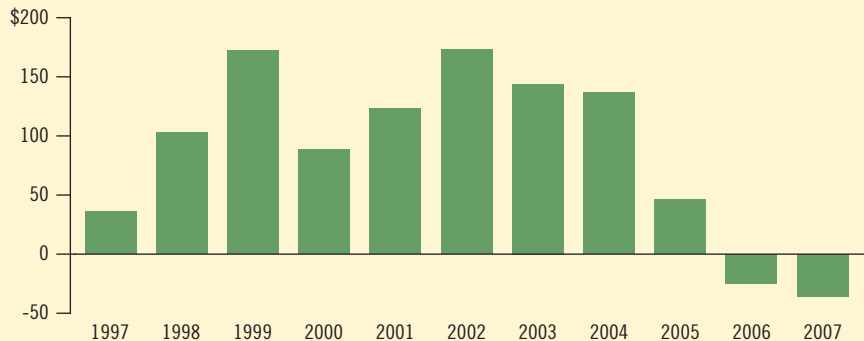
# Dealership Financial Trends

THE AVERAGE DEALERSHIP'S new-vehicle profits rose from 2001 through 2004. In 2005 the department saw the start of a significant decline in profit margins, contributing just 14.5 percent of total operating profit. In 2006 and 2007, new-vehicle department net profit posted further declines, slipping below breakeven. Larger inventories, generous consumer incentives—including value pricing—and higher floor-plan and energy costs cut into dealer profit in 2007. Total used-car profits increased, accounting for 27 percent of the average store's total operating profits. Dealerships of all sizes and makes continue to rely heavily on used-vehicle departments for profits because of modest returns on new-unit sales. Consumers find used vehicles a good value now because of better quality and durability. And financial institutions are more willing to offer competitive rates for used-vehicle purchases.

Total service and parts profits rose slightly in 2007, as gross margins improved and expenses were largely held in check. Service and parts department profits accounted for 81 percent of total dealership operating profits, up from 77 percent in 2006. Total average dealership revenue grew 5 percent last year, and the potential for future growth remains optimistic. Dealers continue to compete with independent service outlets for the less-frequent service and repairs required on newer, more sophisticated vehicles.

## New-vehicle department net profit

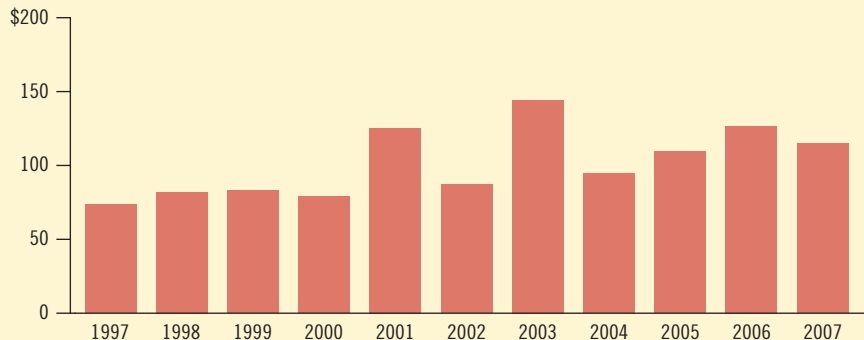
Average dealership, in thousands of dollars, including F&I



Source: NADA Industry Analysis Division

## Used-vehicle department net profit

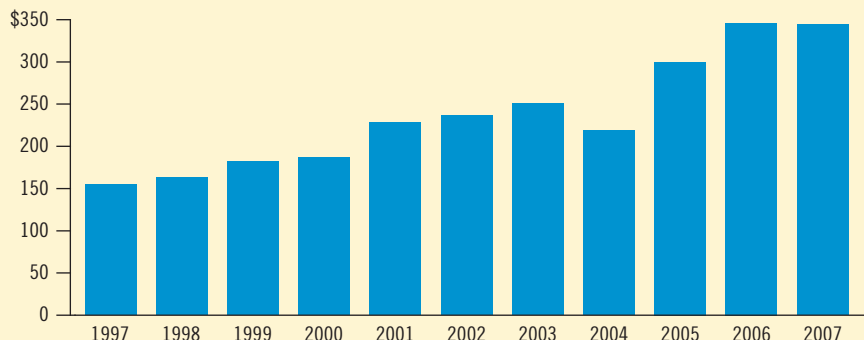
Average dealership, in thousands of dollars, including F&I



Source: NADA Industry Analysis Division

## Service and parts department net profit

Average dealership, in thousands of dollars



Source: NADA Industry Analysis Division